GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1288
ANSWERED ON:18.07.2014
LOAN FOR AGRICULTURAL IMPLEMENTS
Yadav Shri Hukmdev Narayan

Will the Minister of FINANCE be pleased to state:

(a) the details of the schemes run by the Government for grant of loan for various agricultural operations;

(b) the total amount of loan granted to the farmers under the scheme by various banks and the amount outstanding against them, bank-wise;

(c) whether the Government proposes to provide loan to the farmers for agriculture and agricultural implements at minimum interest rate;

(d) if so, the details thereof and if not, the reasons therefor; and

(e) the other steps taken/being taken by the Government to facilitate easy loans to the farmers?

Answer

The Finance Minister (Shri Arun Jaitley)

(a) to (e) : As per Reserve Bank of India(RBI)'s extant guidelines on Priority Sector Lending (PSL), all domestic Scheduled Commercial Banks(SCBs) have been mandated to earmark 40% of their Adjusted Net Bank Credit(ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure(OBE), whichever is higher, as on March 31 of the previous year, for lending to priority sector. It also includes a sub-target of 18% for lending to agricultural sector. Foreign banks with 20 or more branches are required to meet this target in a phased manner over a maximum period of 5 years starting 1.4.2013 to 31.3.2018.

In addition, with the objective of making credit available to farmers, Government has been fixing targets for flow of credit to agriculture by banking sector every year. During 2013-14, against the agricultural target of Rs.7,00,000 crore, the banks disbursed Rs.7,30,765 crore (provisional). The Reserve Bank of India (RBI) has reported that the total loan outstanding against the farmers under Agriculture & Allied Activities in the country was Rs.8,11,290.14 crore against 5.65 crore accounts as on 31st March, 2014.

The Government has also revised the Kisan Credit Card(KCC) Scheme. As per the revised Scheme, the KCC is valid for five years subject to an annual review. The farmer is required to furnish one-time documentation at the time of first availment of loan and, thereafter, simple declaration about crop raised/proposed is required to be given from the second year onwards.

To ease the burden of interest on farmers, the Government also provides interest subvention since 2006-07 to make short-term crop loans upto Rs.3 lakh for a period of one year available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

Banks also undertake various activities, on a continuous basis, to give publicity and create awareness in rural areas either on their own or jointly with state Government Departments on various loan products, schemes etc. These, inter alia, include formation of Farmers' Clubs, SHG-Bank Linkage Programme, Joint Liability Groups, setting up Financial Literacy Centres(FLCs) etc.